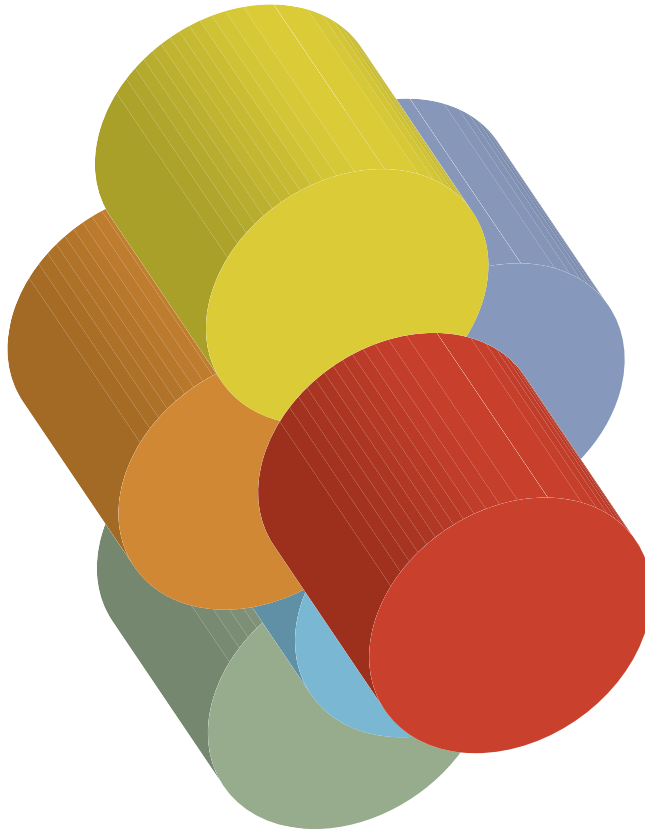


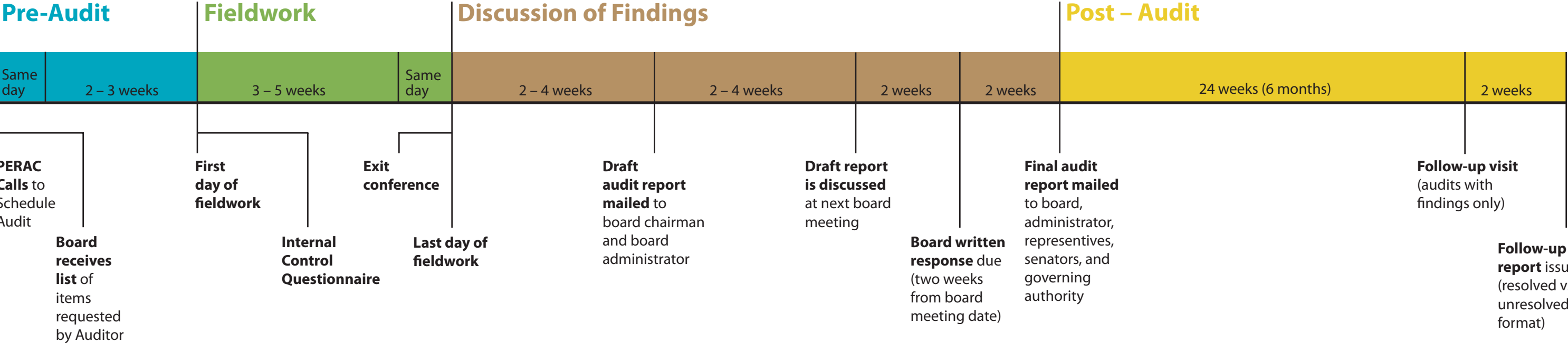
The Audit Cycle & Findings

Tim McDaid
Chief Auditor, PERAC

PERAC Seminars | Fall, 2004



Audit Process Timeline



Audit Findings

Regular Compensation

Recent Finding:

- Pension included items not considered regular compensation pursuant to CMR 15.03.

Best Practice:

- Periodically review components of pension calculations.
 - Regular communication with payroll departments to ensure compliance.
-

Membership

Recent Finding:

- 2% over \$30,000 not being withheld; incorrect contribution rate.

Best Practice:

- Verify that payroll deduction rates agree with retirement system records.
-

Cash

Recent Finding:

- Treasurer not reconciling retirement bank account(s).
- Board not receiving copy of reconciliation(s).

Best Practice:

- Board subcontracts with outside entity to reconcile account(s).
 - Board receives copies of reconciliation(s) and inquires about any variance(s).
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Investments

Recent Finding:

- Request for Proposal (RFP) not documented.

Best Practice:

- Document RFP process.
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Safeguarding Records

Recent Finding:

- Physical and/or electronic files left unsecure.

Best Practice:

- Create policy on access to electronic files (password protection).
 - Designate locations for storing records (prevent potential identity fraud).
-



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